

# MARION COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports  
For the Year Ended September 30, 2010

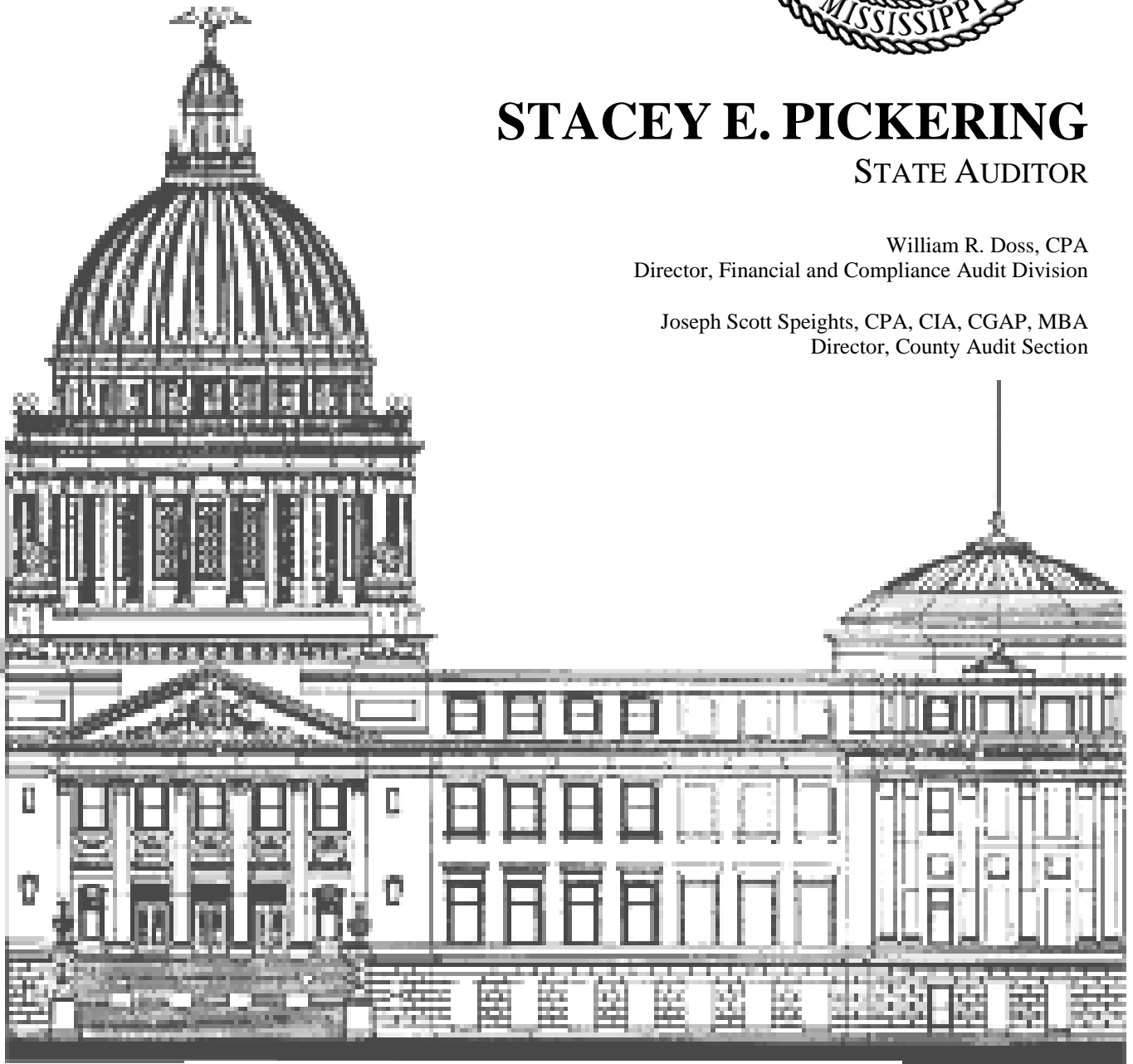


## STACEY E. PICKERING

STATE AUDITOR

William R. Doss, CPA  
Director, Financial and Compliance Audit Division

Joseph Scott Speights, CPA, CIA, CGAP, MBA  
Director, County Audit Section



A Report from the County Audit Section

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**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**STACEY E. PICKERING**  
AUDITOR

July 16, 2012

Members of the Board of Supervisors  
Marion County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2010 financial and compliance audit report for Marion County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

I appreciate the cooperation and courtesy extended by the officials and employees of Marion County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Marion County. If I or this office can be of any further assistance, please contact me or J. Scott Speights of my staff at (601) 576-2674.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stacey E. Pickering", is written over a horizontal line.

Stacey E. Pickering  
State Auditor



MARION COUNTY  
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MARION COUNTY

FINANCIAL SECTION

MARION COUNTY

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**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**STACEY E. PICKERING**  
AUDITOR

**INDEPENDENT AUDITOR'S REPORT**

Members of the Board of Supervisors  
Marion County, Mississippi

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Marion County, Mississippi, as of and for the year ended September 30, 2010, which collectively comprise the basic financial statements of the county's primary government as listed in the table of contents. These financial statements are the responsibility of the county's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The financial statements do not include financial data for the county's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the county's primary government unless the county also issues financial statements for the financial reporting entity that include the financial data for its component units. The county has not issued such reporting entity financial statements. The amount by which this departure would affect the assets, liabilities, net assets, revenues and expenses of the aggregate discretely presented component units is not reasonably determinable.

In our opinion, because of the omission of the discretely presented component units, as discussed previously, the financial statements referred to previously do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component units of Marion County, Mississippi, as of September 30, 2010, or the changes in financial position thereof for the year then ended.

In addition, in our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Marion County, Mississippi, as of September 30, 2010, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 16, 2012, on our consideration of Marion County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Marion County, Mississippi, has not presented Management's Discussion and Analysis that is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board.

The Budgetary Comparison Schedule and corresponding notes, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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WILLIAM R. DOSS, CPA  
Director, Financial and Compliance Audit Division

July 16, 2012

MARION COUNTY

FINANCIAL STATEMENTS

MARION COUNTY

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MARION COUNTY  
Statement of Net Assets  
September 30, 2010

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 3,200,341	1,178,101	4,378,442
Investments		1,299,869	1,299,869
Property tax receivable	7,152,179		7,152,179
Accounts receivable (net of allowance for uncollectibles of \$213,355)		453,380	453,380
Fines receivable (net of allowance for uncollectibles of \$1,826,131)	326,097		326,097
Intergovernmental receivables	197,537	514,772	712,309
Other receivables		22,676	22,676
Internal balances	84,483	(84,483)	
Deferred charge - bond issuance cost		150,832	150,832
Capital assets:			
Land and construction in progress	393,674	252,133	645,807
Other capital assets, net	25,718,543	7,523,181	33,241,724
Total Assets	37,072,854	11,310,461	48,383,315
LIABILITIES			
Claims payable	473,785	276,789	750,574
Intergovernmental payables	384,483		384,483
Accrued interest payable	62,909	28,901	91,810
Deferred revenue	7,152,179		7,152,179
Unearned revenue		31,367	31,367
Other payables	88,192		88,192
Long-term liabilities			
Due within one year:			
Capital debt	606,459	908,595	1,515,054
Non-capital debt	470,669		470,669
Due in more than one year:			
Capital debt	786,933	7,342,408	8,129,341
Non-capital debt	1,934,949		1,934,949
Total Liabilities	11,960,558	8,588,060	20,548,618
NET ASSETS			
Invested in capital assets, net of related debt	24,718,825	22,969	24,741,794
Restricted:			
Expendable:			
General government	61,332		61,332
Debt service	74,988	317,335	392,323
Public safety	658,964	1,983,718	2,642,682
Public works	597,741	398,379	996,120
Culture and recreation	87,420		87,420
Unemployment compensation	30,193		30,193
Unrestricted	(1,117,167)		(1,117,167)
Total Net Assets	\$ 25,112,296	2,722,401	27,834,697

The notes to the financial statements are an integral part of this statement.

MARION COUNTY  
Statement of Activities  
For the Year Ended September 30, 2010

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 3,985,878	635,496	76,540		(3,273,842)		(3,273,842)
Public safety	3,405,476	531,859	320,637	200,369	(2,352,611)		(2,352,611)
Public works	4,609,730		806,590	94,505	(3,708,635)		(3,708,635)
Health and welfare	442,471		92,142		(350,329)		(350,329)
Culture and recreation	105,155				(105,155)		(105,155)
Conservation of natural resources	59,495				(59,495)		(59,495)
Economic development and assistance	166,333		2,500		(163,833)		(163,833)
Interest on long-term debt	234,124				(234,124)		(234,124)
Total Governmental Activities	<u>13,008,662</u>	<u>1,167,355</u>	<u>1,298,409</u>	<u>294,874</u>	<u>(10,248,024)</u>		<u>(10,248,024)</u>
Business-type activities:							
Marion/Walthall Correctional Facility	4,730,453	3,825,439				(905,014)	(905,014)
Marion County Women's Facility	817,326	705,921				(111,405)	(111,405)
Garbage and solid waste	824,063	822,455				(1,608)	(1,608)
Total Business-type Activities	<u>6,371,842</u>	<u>5,353,815</u>	<u>0</u>	<u>0</u>		<u>(1,018,027)</u>	<u>(1,018,027)</u>
Total Primary Government	<u>\$ 19,380,504</u>	<u>6,521,170</u>	<u>1,298,409</u>	<u>294,874</u>	<u>(10,248,024)</u>	<u>(1,018,027)</u>	<u>(11,266,051)</u>
General revenues:							
Property taxes					\$ 7,264,279	78,384	7,342,663
Road & bridge privilege taxes					285,956		285,956
Grants and contributions not restricted to specific programs					967,999	103,645	1,071,644
Unrestricted interest income					117,245	63,760	181,005
Miscellaneous					315,803	364,206	680,009
Transfers					(113,785)	113,785	0
Total General Revenues and Transfers					<u>8,837,497</u>	<u>723,780</u>	<u>9,561,277</u>
Changes in Net Assets					(1,410,527)	(294,247)	(1,704,774)
Net Assets - Beginning					<u>26,522,823</u>	<u>3,016,648</u>	<u>29,539,471</u>
Net Assets - Ending					<u>\$ 25,112,296</u>	<u>2,722,401</u>	<u>27,834,697</u>

The notes to the financial statements are an integral part of this statement.



MARION COUNTY  
Balance Sheet - Governmental Funds  
September 30, 2010

Exhibit 3

	Major Fund	Other	Total
	General	Governmental	Governmental
	Fund	Funds	Funds
ASSETS			
Cash	\$ 1,775,854	1,424,487	3,200,341
Property tax receivable	5,607,932	1,544,247	7,152,179
Fines receivable (net of allowance for uncollectibles of \$1,826,131)	326,097		326,097
Intergovernmental receivables	94,478	103,059	197,537
Due from other funds	88,731	125,396	214,127
Advances to other funds		721	721
Total Assets	\$ 7,893,092	3,197,910	11,091,002
LIABILITIES AND FUND BALANCES			
Liabilities:			
Claims payable	\$ 349,234	124,551	473,785
Intergovernmental payables	354,513		354,513
Due to other funds	159,614		159,614
Advances from other funds	721		721
Deferred revenue	5,934,029	1,544,247	7,478,276
Other payables	88,192		88,192
Total Liabilities	6,886,303	1,668,798	8,555,101
Fund balances:			
Reserved for:			
Debt service		137,897	137,897
Advances		721	721
Unemployment compensation		30,193	30,193
Unreserved - undesignated, reported in:			
General Fund	1,006,789		1,006,789
Special Revenue Funds		1,360,301	1,360,301
Total Fund Balances	1,006,789	1,529,112	2,535,901
Total Liabilities and Fund Balances	\$ 7,893,092	3,197,910	11,091,002

The notes to the financial statements are an integral part of this statement.

## MARION COUNTY

Exhibit 3-1Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets  
September 30, 2010

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 2,535,901
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$47,991,870.	26,112,217
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	326,097
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(3,799,010)
Accrued interest payable is not due and payable in the current period and, therefore, are not reported in the funds.	<u>(62,909)</u>
Total Net Assets - Governmental Activities	\$ <u><u>25,112,296</u></u>

The notes to the financial statements are an integral part of this statement.

## MARION COUNTY

Exhibit 4

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Year Ended September 30, 2010

	Major Funds	Other	Total
	General	Governmental	Governmental
	Fund	Funds	Funds
REVENUES			
Property taxes	\$ 5,393,934	1,870,345	7,264,279
Road and bridge privilege taxes	586	285,370	285,956
Licenses, commissions and other revenue	343,079	30,836	373,915
Fines and forfeitures	262,318		262,318
Intergovernmental revenues	838,000	1,723,282	2,561,282
Charges for services	113,572	284,002	397,574
Interest income	60,831	56,414	117,245
Miscellaneous revenues	228,559	87,244	315,803
Total Revenues	7,240,879	4,337,493	11,578,372
EXPENDITURES			
Current:			
General government	3,657,377	197,816	3,855,193
Public safety	2,295,512	1,149,925	3,445,437
Public works	40,000	3,062,723	3,102,723
Health and welfare	441,478	993	442,471
Culture and recreation	105,155		105,155
Conservation of natural resources	59,495		59,495
Economic development and assistance	163,833	2,500	166,333
Debt service:			
Principal	168,679	1,044,837	1,213,516
Interest	112,915	87,268	200,183
Total Expenditures	7,044,444	5,546,062	12,590,506
Excess of Revenues over (under) Expenditures	196,435	(1,208,569)	(1,012,134)
OTHER FINANCING SOURCES (USES)			
Long-term capital debt issued		264,397	264,397
Transfers in	66,515	271,220	337,735
Transfers out	(211,757)	(239,763)	(451,520)
Total Other Financing Sources and Uses	(145,242)	295,854	150,612
Net Changes in Fund Balances	51,193	(912,715)	(861,522)
Fund Balances - Beginning	955,596	2,441,827	3,397,423
Fund Balances - Ending	\$ 1,006,789	1,529,112	2,535,901

The notes to the financial statements are an integral part of this statement.

## MARION COUNTY

Exhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended September 30, 2010

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ (861,522)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net assets differs from the change in fund balances by the amount that depreciation of \$1,971,927 exceeded capital outlays of \$391,396 in the current period.	(1,580,531)
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net assets differs from the change in fund balances by the amount of the net loss in the current period	(17,200)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	133,548
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Thus, the change in net assets differs from the change in fund balances by the amount that debt repayments of \$1,213,516 exceeded debt proceeds of \$264,397.	949,119
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net assets differs from the change in fund balances by the increase in accrued interest payable.	(33,941)
Change in Net Assets of Governmental Activities	\$ <u><u>(1,410,527)</u></u>

The notes to the financial statements are an integral part of this statement.

MARION COUNTY  
Statement of Net Assets - Proprietary Funds  
September 30, 2010

Exhibit 5

	Business-type Activities - Enterprise Funds			
	Major Funds			
	Marion/Walthall Correctional Facility	Marion County Womens' Facility	Garbage & Solid Waste	Total
ASSETS				
Current assets:				
Cash	\$ 366,909	547,433	263,759	1,178,101
Investments	1,299,869			1,299,869
Accounts receivable (net of allowance for uncollectibles of \$213,355)			453,380	453,380
Intergovernmental receivables	354,251	160,521		514,772
Other receivables			22,676	22,676
Due from other funds	226		4,248	4,474
Total Current Assets	2,021,255	707,954	744,063	3,473,272
Noncurrent assets:				
Deferred charge - bond issuance cost	150,832			150,832
Capital assets:				
Land and construction in progress	60,000		192,133	252,133
Other capital assets, net	6,137,259	1,329,853	56,069	7,523,181
Total Noncurrent Assets	6,348,091	1,329,853	248,202	7,926,146
Total Assets	8,369,346	2,037,807	992,265	11,399,418
LIABILITIES				
Current liabilities:				
Claims payable	138,833	24,213	113,743	276,789
Due to other funds	56,830	8,641	23,486	88,957
Unearned revenue			31,367	31,367
Accrued interest payable	18,853	5,827	4,221	28,901
Capital debt:				
Other long-term liabilities	458,595	85,000	365,000	908,595
Total Current Liabilities	673,111	123,681	537,817	1,334,609
Noncurrent liabilities:				
Capital debt:				
Other long-term liabilities	5,757,408	1,585,000		7,342,408
Total Noncurrent Liabilities	5,757,408	1,585,000	0	7,342,408
NET ASSETS				
Invested in capital assets, net of related debt	307,047	(340,147)	56,069	22,969
Restricted for:				
Debt service	48,765	268,570		317,335
Public safety	1,583,015	400,703		1,983,718
Public works			398,379	398,379
Total Net Assets	\$ 1,938,827	329,126	454,448	2,722,401

The notes to the financial statements are an integral part of this statement.

## MARION COUNTY

Exhibit 6

Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds  
For the Year Ended September 30, 2010

	Business-type Activities - Enterprise Funds			
	Major Funds			
	Marion/Walthall Correctional Facility	Marion County Womens' Facility	Garbage & Solid Waste	Totals
Operating Revenues				
Charges for services	\$ 3,825,439	705,921	822,455	5,353,815
Miscellaneous	358,231	5,733	242	364,206
Total Operating Revenues	4,183,670	711,654	822,697	5,718,021
Operating Expenses				
Personal services	2,792,050	427,373	408,145	3,627,568
Contractual services	536,977	144,594	306,681	988,252
Materials and supplies	872,334	133,741	96,952	1,103,027
Depreciation expense	194,866	31,780		226,646
Indirect administrative cost	56,830	8,415	8,064	73,309
Total Operating Expenses	4,453,057	745,903	819,842	6,018,802
Operating Income (Loss)	(269,387)	(34,249)	2,855	(300,781)
Nonoperating Revenues (Expenses)				
Property tax			78,384	78,384
Interest income	44,838	15,790	3,132	63,760
Grants & contributions not restricted to specific programs	51,085		52,560	103,645
Interest expense	(266,885)	(71,423)	(4,221)	(342,529)
Amortization of deferred charges - bond issuance costs	(10,511)			(10,511)
Net Nonoperating Revenue (Expenses)	(181,473)	(55,633)	129,855	(107,251)
Net Income (Loss)	(450,860)	(89,882)	132,710	(408,032)
Transfers in	137,358	144,000		281,358
Transfers out	(156,473)	(11,100)		(167,573)
Changes in Net Assets	(469,975)	43,018	132,710	(294,247)
Net Assets - Beginning	2,408,802	286,108	321,738	3,016,648
Net Assets - Ending	\$ 1,938,827	329,126	454,448	2,722,401

The notes to the financial statements are an integral part of this statement.

MARION COUNTY  
Statement of Cash Flows - Proprietary Funds  
For the Year Ended September 30, 2010

Exhibit 7

	Business-type Activities - Enterprise Funds			
	Major Funds			
	Marion/Walthall Correctional Facility	Marion County Womens Facility	Garbage & Solid Waste	Totals
Cash Flows From Operating Activities				
Receipts from customers	\$ 3,847,552	713,861	815,315	5,376,728
Payments to suppliers	(1,444,174)	(275,563)	(425,579)	(2,145,316)
Payments to employees	(2,826,772)	(491,319)	(405,335)	(3,723,426)
Other operating cash receipts	358,231	5,733	242	364,206
Net Cash Provided (Used) by Operating Activities	(65,163)	(47,288)	(15,357)	(127,808)
Cash Flows From Noncapital Financing Activities				
Intergovernmental grants received	51,085		52,679	103,764
Cash received from property taxes			78,190	78,190
Cash received from other funds:				
Operating transfers in	137,358	144,000		281,358
Cash paid to other funds:				
Operating transfers out	(156,473)	(11,100)		(167,573)
Interfund loan repayments			(113,786)	(113,786)
Net Cash Provided (Used) by Noncapital Financing Activities	31,970	132,900	17,083	181,953
Cash Flows From Capital and Related Financing Activities				
Proceeds of long-term debt			365,000	365,000
Acquisition and construction of capital assets	(1,809,604)		(106,099)	(1,915,703)
Principal paid on long-term debt	(355,000)	(80,000)		(435,000)
Interest paid on debt	(320,259)	(71,722)		(391,981)
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,484,863)	(151,722)	258,901	(2,377,684)
Cash Flows From Investing Activities				
Proceeds from sale and maturities of investments	491,377			491,377
Interest on deposits	44,837	15,789	3,132	63,758
Net Cash Provided (Used) by Investing Activities	536,214	15,789	3,132	555,135
Net Increase (Decrease) in Cash and Cash Equivalents	(1,981,842)	(50,321)	263,759	(1,768,404)
Cash and Cash Equivalents at Beginning of Year	3,648,620	597,754		4,246,374
Cash and Cash Equivalents at End of Year	\$ 1,666,778	547,433	263,759	2,477,970
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (269,387)	(34,249)	2,855	(300,781)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	194,866	31,780		226,646
Provision for uncollectible accounts			20,807	20,807
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable			(65,024)	(65,024)
(Increase) decrease in intergovernmental receivables	(25,440)	7,940		(17,500)
(Increase) decrease in interfund receivables	47,553			47,553
(Increase) decrease in other receivables			41,670	41,670
Increase (decrease) in claims payable	15,621	2,772	(1,931)	16,462
Increase (decrease) in interfund payables	(28,376)	(55,531)	(9,141)	(93,048)
Increase (decrease) in unearned revenue			(4,593)	(4,593)
Total Adjustments	204,224	(13,039)	(18,212)	172,973
Net Cash Provided (Used) by Operating Activities	\$ (65,163)	(47,288)	(15,357)	(127,808)

The notes to the financial statements are an integral part of this statement.

MARION COUNTY  
Statement of Fiduciary Assets and Liabilities  
September 30, 2010

Exhibit 8

		Agency Funds
ASSETS		
Cash	\$	266,542
Due from other funds		29,970
Total Assets	\$	<u>296,512</u>
LIABILITIES		
Amounts held in custody for others	\$	99,125
Intergovernmental payables		197,387
Total Liabilities	\$	<u>296,512</u>

The notes to the financial statements are an integral part of this statement.



## MARION COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2010

#### (1) Summary of Significant Accounting Policies.

##### A. Financial Reporting Entity.

Marion County is a political subdivision of the State of Mississippi. The county is governed by an elected five-member Board of Supervisors. Accounting principles generally accepted in the United States of America require Marion County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the county.

Management has chosen to omit from these financial statements the following component units which have significant operational or financial relationships with the county. Accordingly, the financial statements do not include the data of all of the county's component units necessary for reporting in conformity with accounting principles generally accepted in the United States of America.

- Marion General Hospital
- Tri-Community Fire District
- Southwest Marion Fire District
- South Marion Fire District
- Pineburr Fire District
- Foxworth Fire District
- Morgantown Fire District
- Marion County Economic Development District

State law pertaining to county government provides for the independent election of county officials. The following elected and appointed officials are all part of the county legal entity and therefore are reported as part of the primary government financial statements.

- Board of Supervisors
- Chancery Clerk
- Circuit Clerk
- Justice Court Clerk
- Purchase Clerk
- Tax Assessor-Collector
- Sheriff

##### B. Basis of Presentation.

The county's basic financial statements consist of government-wide statements, including a Statement of Net Assets and a Statement of Activities, fund financial statements and accompanying note disclosures which provide a detailed level of financial information.

##### Government-wide Financial Statements:

The Statement of Net Assets and Statement of Activities display information concerning the county as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support. The Statement of Net Assets presents the financial condition of the governmental activities and business-type activities of the county at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the county's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function.

## MARION COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2010

Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues, are presented as general revenues of the county, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business-type activities or governmental function is self-financing or draws from the general revenues of the county.

#### Fund Financial Statements:

Fund financial statements of the county are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into governmental, proprietary and fiduciary. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

#### C. Measurement Focus and Basis of Accounting.

The Government-wide, Proprietary Funds and Fiduciary Funds (excluding agency funds) financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the county. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied. Agency funds have no measurement focus, but use the accrual basis of accounting.

The county's Proprietary Funds apply all applicable Governmental Accounting Standards Board (GASB) pronouncements and only the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

The revenues and expenses of Proprietary Funds are classified as operating or nonoperating. Operating revenues and expenses generally result from providing services in connection with a Proprietary Fund's primary operations. All other revenues and expenses are reported as nonoperating.

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within 60 days after year end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The county reports the following major Governmental Fund:

General Fund - This fund is used to account for all activities of the general government for which a separate fund has not been established.

## MARION COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2010

The county reports the following major Proprietary Funds:

Marion/Walshall Correctional Facility Fund - This fund is used to account for the county's activities of the men's correctional facility within the county.

Marion County Women's Facility Fund - This fund is used to account for the county's activities of the women's correctional facility within the county.

Garbage and Solid Waste Fund - This fund is used to account for the county's activities of disposal of garbage and solid waste within the county.

Additionally, the county reports the following fund types:

#### GOVERNMENTAL FUND TYPES

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Special Revenue Funds account for, among others, certain federal grant programs, taxes levied with statutorily defined distributions and other resources restricted as to purpose.

Debt Service Funds - These funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

#### PROPRIETARY FUND TYPE

Enterprise Funds - These funds are used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the county has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability.

#### FIDUCIARY FUND TYPE

Agency Funds - These funds account for various taxes, deposits and other monies collected or held by the county, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

#### D. Account Classifications.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2005 by the Government Finance Officers Association.

#### E. Deposits and Investments.

State law authorizes the county to invest in interest bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality or school district of this state. Further, the county may invest in certain repurchase agreements.

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value

#### F. Receivables.

Receivables are reported net of allowances for uncollectible accounts, where applicable.

# MARION COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2010

### G. Interfund Transactions and Balances.

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Noncurrent portions of interfund receivables and payables are reported as "advances to/from other funds." Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable Governmental Funds to indicate that they are not available for appropriation and are not expendable available financial resources. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

### H. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the applicable governmental or business-type activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets costs have been estimated and the methods of estimation are not available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

Governmental accounting and financial reporting standards require governments meeting certain criteria to retroactively report major general infrastructure assets by September 30, 2007. Current year general infrastructure assets are required to be reported. General infrastructure assets acquired after September 30, 1980, are reported on the government-wide financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets.

Capital assets acquired or constructed for Proprietary Fund operations are capitalized at cost in the respective funds in which they are utilized. No interest is capitalized on self-constructed assets because noncapitalization of interest does not have a material effect on the county's financial statements. Donated capital assets are recorded at their fair value at the time of donation.

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives are used to report capital assets in the government-wide statements and Proprietary Funds. Depreciation is calculated on the straight-line basis for all assets, except land. A full year's depreciation expense is taken for all purchases and sales of capital assets during the year. The following schedule details those thresholds and estimated useful lives:

	Capitalization Thresholds	Estimated Useful Life
Land	\$ 0	N/A
Infrastructure	0	20-50 years
Buildings	50,000	40 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital leases	*	*

\* Leased property capitalization policy and estimated useful life will correspond with the amounts for the asset classification, as listed above.

## MARION COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2010

#### I. Long-term Liabilities.

Long-term liabilities are the unmatured principal of bonds, loans, notes or other forms of noncurrent or long-term general obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances, but may also include liabilities on lease-purchase agreements and other commitments.

In the government-wide financial statements and in the Proprietary Fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or Proprietary Funds Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

#### J. Equity Classifications.

##### Government-wide Financial Statements:

Equity is classified as net assets and displayed in three components:

Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, construction or improvement of those assets.

Restricted net assets - Consists of net assets with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net assets - All other net assets not meeting the definition of "restricted" or "invested in capital assets, net of related debt."

##### Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is classified as reserved or unreserved with unreserved classified as designated and undesignated.

Unreserved fund balance represents the amount available for budgeting future operations. Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose.

#### K. Property Tax Revenues.

Numerous statutes exist under which the Board of Supervisors may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the county. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Board of Supervisors, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase.

## MARION COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2010

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and collectibility criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

#### L. Intergovernmental Revenues in Governmental Funds.

Intergovernmental revenues, consisting of grants, entitlements and shared revenues, are usually recorded in Governmental Funds when measurable and available. However, the "available" criterion applies for certain federal grants and shared revenues when the expenditure is made because expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

#### (2) Deposits and Investments.

##### Deposits:

The carrying amount of the county's total deposits with financial institutions at September 30, 2010, was \$4,644,984, and the bank balance was \$4,704,298. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

**Custodial Credit Risk - Deposits.** Custodial credit risk is the risk that in the event of the failure of a financial institution, the county will not be able to recover deposits or collateral securities that are in the possession of an outside party. The county does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the county. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the county.

##### Investments:

As provided in Section 91-13-8, Miss. Code Ann. (1972), the following investments of the county are handled through a trust indenture between the county and the trustee related to the operations of the Marion/Walthall Correctional Facility.

Investments balances at September 30, 2010, are as follows:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Rating</u>
Hancock Horizon Treasury Securities Money Market Fund	Less than one year	\$ 1,299,869	AAAm
Total		\$ 1,299,869	

The investment in the Hancock Horizon Treasury Securities Money Market Fund is uninsured and unregistered and is not backed by the full faith and credit of the federal government.

# MARION COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2010

**Interest Rate Risk.** The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, Section 19-9-29, Miss. Code Ann. (1972) limits the maturity period of any investment to no more than one year.

**Credit Risk.** State law limits investments to those authorized by Sections 19-9-29 and 91-13-8, Miss. Code Ann. (1972). The county does not have a formal investment policy that would further limit its investments choices or one that addresses credit risk.

**Custodial Credit Risk - Investments.** Custodial credit risk is the risk that in the event of the failure of the counterparty, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The county does not have a formal policy for custodial credit risk.

**Concentration of Credit Risk.** The county places no limit on the amount the county may invest in any one issuer. All of the county's investments are in the Hancock Horizon Government Money Market Fund and are reported in the Marion/Walthall Correctional Facility Fund.

### (3) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2010:

#### A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
General	Marion/Walthall Correctional Facility	\$ 56,830
General	Marion County Women's Facility	8,415
General	Garbage and Solid Waste	23,486
Other Governmental Funds	General	125,396
Marion/Walthall Correctional Facility	Marion County Women's Facility	226
Garbage and Solid Waste	General	4,248
Agency Funds	General	29,970
Total		\$ 248,571

The General Fund receivable from the Marion/Walthall Correctional Facility and the Marion County Women's Facility represents the indirect cost incurred during the year. The General Fund receivable from the Garbage and Solid Waste Fund represents the indirect cost incurred during the year and amounts spent in excess of revenues for the year. The Other Governmental Funds, Garbage and Solid Waste Fund and Agency Funds receivables from the General Fund represent the tax revenue collected but not settled until October 2010. All interfund balances are expected to be repaid within one year from the date of the financial statements.

#### B. Advances from/to Other Funds:

Receivable Fund	Payable Fund	Amount
Other Governmental Funds	General	\$ 721

The amount payable to the Other Governmental Funds is for prior year interest allocation.

MARION COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2010

C. Transfers In/Out:

Transfer In	Transfer Out	Amount
General Fund	Other Governmental Funds	\$ 66,515
Other Governmental Funds	General Fund	211,757
Other Governmental Funds	Other Governmental Funds	46,990
Other Governmental Funds	Marion/Walthall Correctional Facility	12,473
Marion/Walthall Correctional Facility	Other Governmental Funds	126,258
Marion/Walthall Correctional Facility	Marion County Women's Facility	11,100
Marion County Women's Facility	Marion/Walthall Correctional Facility	144,000
Total		\$ <u>619,093</u>

The principal purpose of interfund transfers was to provide funds for grant matches or to provide funds to pay capital outlay. All interfund transfers were routine and consistent with the activities of the fund making the transfer

(4) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2010, consisted of the following:

Description	Amount
Governmental Activities:	
Legislative tax credit	\$ 90,040
Emergency management grant	1,413
Public safety interoperable communications grant	103,059
Bulletproof vest partnership program grant	3,025
Total Governmental Activities	\$ <u>197,537</u>
Business-type Activities:	
Reimbursement for housing prisoners	\$ <u>514,772</u>



MARION COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2010

(5) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2010:

**Governmental activities:**

	Balance Oct. 1, 2009	Additions	Deletions	Adjustments*	Balance Sept. 30, 2010
<u>Non-depreciable capital assets:</u>					
Land	\$ 393,599	75			393,674
Total non-depreciable capital assets	393,599	75	0	0	393,674
<u>Depreciable capital assets:</u>					
Infrastructure	63,622,084				63,622,084
Buildings	3,943,245				3,943,245
Improvements other than buildings	88,395				88,395
Mobile equipment	3,930,222	199,201	130,394		3,999,029
Furniture and equipment	672,920	192,120	6,500		858,540
Leased property under capital leases	1,199,120				1,199,120
Total depreciable capital assets	73,455,986	391,321	136,894	0	73,710,413
<u>Less accumulated depreciation for:</u>					
Infrastructure	41,069,578	1,362,931			42,432,509
Buildings	1,753,602	63,307			1,816,909
Improvements other than buildings	28,296	3,537			31,833
Mobile equipment	2,670,463	251,532	117,354		2,804,641
Furniture and equipment	410,172	149,364	2,340		557,196
Leased property under capital leases	207,526	141,256			348,782
Total accumulated depreciation	46,139,637	1,971,927	119,694	0	47,991,870
Total depreciable capital assets, net	27,316,349	(1,580,606)	17,200	0	25,718,543
Governmental activities capital assets, net	\$ 27,709,948	(1,580,531)	17,200	0	26,112,217

**Business-type activities:**

	Balance Oct. 1, 2009	Additions	Deletions	Adjustments*	Balance Sept. 30, 2010
<u>Non-depreciable capital assets:</u>					
Land	\$ 60,000				60,000
Construction in progress	1,109,256	1,730,440		(2,647,563)	192,133
Total non-depreciable capital assets	1,169,256	1,730,440	0	(2,647,563)	252,133

MARION COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2010

	Balance Oct. 1, 2009	Additions	Deletions	Adjustments*	Balance Sept. 30, 2010
<u>Depreciable capital assets:</u>					
Buildings	6,132,275			2,647,563	8,779,838
Mobile equipment	615,980	22,807			638,787
Furniture and equipment	92,709	39,883			132,592
Total depreciable capital assets	6,840,964	62,690	0	2,647,563	9,551,217
<u>Less accumulated depreciation for:</u>					
Buildings	1,194,872	175,599			1,370,471
Mobile equipment	544,056	7,550			551,606
Furniture and equipment	62,462	43,497			105,959
Total accumulated depreciation	1,801,390	226,646	0	0	2,028,036
Total depreciable capital assets, net	5,039,574	(163,956)	0	2,647,563	7,523,181
Business-type activities capital assets, net	\$ 6,208,830	1,566,484	0	0	7,775,314

\* Adjustments are to reclassify completed construction in progress projects.

Depreciation expense was charged to the following functions:

	Amount
<u>Governmental Activities:</u>	
General government	\$ 130,685
Public safety	206,736
Public works	1,634,506
Total governmental activities depreciation expense	\$ 1,971,927
<u>Business-type activities:</u>	
Marion/Walthall Correctional Facility	\$ 194,866
Marion/Walthall Women's Facility	31,780
Total business-type activities depreciation expense	\$ 226,646

Commitments with respect to unfinished capital projects at September 30, 2010, consisted of the following:

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
Construction of a solid waste transfer station	\$ 134,743	03/2011

# MARION COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2010

### (6) Claims and Judgments.

#### Risk Financing.

The county finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The county pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2010, to January 1, 2011. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

### (7) Capital Leases.

#### As Lessee:

The county is obligated for the following capital assets acquired through capital leases as of September 30, 2010:

<u>Classes of Property</u>		<u>Governmental Activities</u>
Mobile equipment	\$	1,199,120
Less: Accumulated depreciation		<u>348,782</u>
Leased Property Under Capital Leases	\$	<u><u>850,338</u></u>

The following is a schedule by years of the total payments due as of September 30, 2010:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 182,472	28,146
2012	297,922	19,458
2013	190,384	11,073
2014	<u>234,559</u>	<u>3,528</u>
Total	\$ <u><u>905,337</u></u>	<u><u>62,205</u></u>

MARION COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2010

(8) Long-term Debt.

Debt outstanding as of September 30, 2010, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
<b>Governmental Activities:</b>			
A. General Obligation Bonds:			
Industrial development bonds	\$ 1,855,000	4.75-5.40%	09/2024
B. Equipment Notes:			
District 3 Road equipment note	\$ 28,008	4.75%	12/2011
District 1 Road equipment note	53,052	3.10%	12/2011
District 2 Road equipment note	19,711	6.00%	12/2010
District 3 Road equipment note	30,608	3.35%	12/2011
District 1 Road equipment note	29,400	3.35%	12/2011
District 4 Road equipment note	49,569	6.50%	12/2011
Total Equipment Notes	\$ 210,348		
C. Capital Leases:			
Computer equipment	\$ 74,781	3.49%	04/2013
District 2 Case 580-SM loader/backhoe	41,506	4.27%	07/2011
District 1 wheel loader	25,221	3.19%	04/2011
District 4 Volvo motor grader	171,560	3.34%	03/2012
District 2 Caterpillar motor grader	173,483	3.39%	03/2013
District 3 Caterpillar motor grader	173,893	3.39%	03/2014
District 5 Caterpillar motor grader	175,407	3.39%	03/2014
District 5 Hyundai wheel loader	69,486	3.34%	03/2012
Total Capital Leases	\$ 905,337		
D. Other Loans:			
Energy services agreement	\$ 227,823	4.35%	06/2014
MDA Energy investment loan	76,879	1.00%	08/2011
Superintendent of Education negotiable note	127,944	3.17%	04/2011
Promissory note - emergency funds	215,850	3.97%	12/2010
District 3 loan	30,066	4.78%	03/2011
District 2 loan	49,763	4.73%	03/2011
District 3 loan	100,000	4.00%	03/2011
Total Other Loans	\$ 828,325		
<b>Business-type Activities:</b>			
A. General Obligation Bonds:			
General Obligation Bonds, Series 2009 - Marion/Walshall Correctional Facility	\$ 3,025,000	4.00-4.70%	09/2024
B. Limited Obligation Bonds:			
Economic development – Women’s Correctional Facility	1,670,000	3.62-4.50%	03/2023
Urban renewal revenue refunding bonds Marion/Walshall Correctional Facility	3,300,000	2.50-4.00%	02/2018
Total Limited Obligation Bonds	\$ 4,970,000		
C. Other Loans:			
Solid Waste transfer station	\$ 365,000	3.05%	02/2011

# MARION COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2010

**Pledge of Future Revenues** - The county has pledged future revenues for housing inmates, net of specified operating expenses, to repay \$3,555,000 in limited obligation urban renewal revenue bonds issued in 2009. Proceeds from the bonds refunded \$3,585,000 of limited obligation urban renewal revenue bonds issued in 1998, which provided financing for the construction of the Marion/Walshall Correctional Facility. The bonds are not a general obligation of the county and, therefore, are not secured by the full faith and credit of the county. The bonds are payable solely from income derived from an inmate housing agreement with the Mississippi Department of Corrections for housing state prisoners and income received from any other government for housing and holding prisoners and are payable through 2018. Annual principal and interest payments on the bonds are expected to require less than 11% of net revenues. The total principal and interest remaining to be paid on the bonds is \$3,806,510. Principal and interest paid for the current year and total inmate housing net revenues were \$675,259 and \$3,825,439, respectively.

Annual debt service requirements to maturity for the following debt reported in the Statement of Net Assets are as follows:

### Governmental Activities:

Year Ending September 30	General Obligation Bonds	
	Principal	Interest
2011	\$ 95,000	95,655
2012	95,000	91,142
2013	100,000	86,630
2014	105,000	81,880
2015	110,000	76,735
2016 – 2020	660,000	292,200
2021 – 2025	690,000	95,905
Total	\$ 1,855,000	820,147

Year Ending September 30	Equipment Notes		Other Loans	
	Principal	Interest	Principal	Interest
2011	\$ 146,280	7,503	653,376	35,307
2012	64,068	795	55,220	5,994
2013			57,671	3,543
2014			62,058	1,002
Total	\$ 210,348	8,298	828,325	45,846

### Business-type Activities:

Year Ending September 30	General Obligation Bonds		Limited Obligation Bonds	
	Principal	Interest	Principal	Interest
2011	\$ 105,000	133,034	455,000	176,044
2012	110,000	128,415	470,000	161,794
2013	115,000	123,575	485,000	146,675
2014	120,000	118,630	520,000	129,634
2015	125,000	113,470	535,000	110,950
2016 – 2020	710,000	481,780	2,015,000	262,362
2021 – 2025	880,000	318,035	490,000	33,653
2026 – 2030	860,000	102,780		
Total	\$ 3,025,000	1,519,719	4,970,000	1,021,112

# MARION COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2010

Year Ending September 30	Other Loans	
	Principal	Interest
2011	\$ 365,000	8,442

**Legal Debt Margin** - The amount of debt, excluding specific exempted debt, that can be incurred by the county is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the county, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2010, the amount of outstanding debt was equal to 3.00% of the latest property assessments.

**Prior Year Defeasance of Debt** - In prior years, the county defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the county's financial statements. On September 30, 2010, \$4,095,796 of bonds outstanding were considered defeased.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2010:

	Balance Oct. 1, 2009	Additions	Reductions	Adjustments	Balance Sept. 30, 2010	Amount due within one year
<b>Governmental Activities:</b>						
General obligation bonds	\$ 1,950,000		95,000		1,855,000	95,000
Limited obligation bonds	342,928		342,928			
Equipment notes	310,251	64,397	164,300		210,348	146,280
Capital leases	1,058,352		153,015		905,337	182,472
Other loans	1,086,598	200,000	458,273		828,325	653,376
<b>Total</b>	<b>\$ 4,748,129</b>	<b>264,397</b>	<b>1,213,516</b>		<b>3,799,010</b>	<b>1,077,128</b>
<b>Business-type Activities:</b>						
General obligation bonds	\$ 3,125,000		100,000		3,025,000	105,000
Limited obligation bonds	5,305,000		335,000		4,970,000	455,000
Less: deferred amounts for premium	45,737		2,611		43,126	2,611
On refunding	(171,139)		(19,016)		(152,123)	(19,016)
Other loans		365,000			365,000	365,000
<b>Total</b>	<b>\$ 8,304,598</b>	<b>365,000</b>	<b>418,595</b>	<b>0</b>	<b>8,251,003</b>	<b>908,595</b>

### (9) Contingencies.

**Federal Grants** - The county has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the county. No provision for any liability that may result has been recognized in the county's financial statements.

## MARION COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2010

Litigation - The county is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the county with respect to the various proceedings. However, the county's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the county.

Economic Development Note Contingencies - The county issued a note payable to provide funds for constructing and improving infrastructure for the purpose of economic development. The notes are paid by the Marion County Economic Development District, a component unit of the county. However, the county remains contingently liable for the retirement of this note because the full faith, credit and taxing power of the county is secondarily pledged in case of default by the Marion County Economic Development District. The principal amount of notes payable outstanding at September 30, 2010, is \$567,910.

(10) Related Organization.

The Marion County Board of Supervisors is responsible for appointing a voting majority of the members of the board of the Columbia-Marion County Airport Authority, but the county's accountability for this organization does not extend beyond making the appointment. The county appropriated \$40,000 for the airport's support in fiscal year 2010.

(11) Joint Venture.

The county participates in the following joint venture:

Marion County is a participant with Jefferson Davis County in a joint venture, authorized by Section 39-3-9, Miss. Code Ann. (1972), to operate the South Mississippi Regional Library. The joint venture was created to provide library service for the Counties of Jefferson Davis and Marion, and is governed by a five-member board. The two counties rotate board appointments so that each county has a majority of board members in alternate years. Complete financial statements for the South Mississippi Regional Library can be obtained from the Marion County branch located at 900 Broad Street, Columbia, Mississippi

(12) Jointly Governed Organizations.

The county participates in the following jointly governed organizations:

Pearl River Community College operates in a district composed of the Counties of Forrest, Hancock, Jefferson Davis, Lamar, Marion and Pearl River. The Marion County Board of Supervisors appoints two of the 16 members of the college board of trustees. The county appropriated \$341,164 for maintenance and support of the college in fiscal year 2010.

Southeast Mississippi Air Ambulance District operates in a district composed of the Counties of Covington, Forrest, Greene, Jefferson Davis, Marion, Pearl River, Perry, Stone and Walthall. The Marion County Board of Supervisors appoints one of the nine members of the board of directors. The county contributed \$10,000 for support of the district in fiscal year 2010.

Southern Mississippi Planning and Development District operates in a district composed of the Counties of Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jefferson Davis, Jones, Lamar, Marion, Pearl River, Perry, Stone and Wayne. The Marion County Board of Supervisors appoints one of the 27 members of the board of directors. The county appropriated \$53,424 for support of the district in fiscal year 2010.

Pearl River Valley Opportunity, Inc. operates in a district composed of the Counties of Covington, Forrest, Jefferson Davis, Jones, Lamar, Marion, Pearl River and Perry. The entity was created to administer programs conducted by community action agencies, limited purpose agencies and related programs authorized by federal law. The Marion County Board of Supervisors appoints one of the 24 members of the board of directors. The primary source of funding for the entity is derived from federal funds. Each county provides a modest amount of financial support when matching funds are required for federal grants.

# MARION COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2010

Pine Belt Mental Health Care Resources operates in a district composed of the Counties of Covington, Forrest, Greene, Jefferson Davis, Jones, Lamar, Marion, Perry and Wayne. The Marion County Board of Supervisors appoints one of the nine members of the board of commissioners. The county appropriated \$70,000 for support of the entity in fiscal year 2010.

Mississippi Regional Housing Authority VIII operates in a district composed of the Counties of Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jones, Lamar, Marion, Pearl River, Perry, Stone and Wayne. The governing body is a 15-member board of commissioners, one appointed by the Board of Supervisors of each of the member counties and one appointed at large. The counties generally provide no financial support to the organization.

### (13) Defined Benefit Pension Plan.

Plan Description. Marion County, Mississippi, contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Funding Policy. At September 30, 2010, PERS members were required to contribute 9% of their annual covered salary, and the county is required to contribute at an actuarially determined rate. The rate at September 30, 2010 was 12% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The county's contributions (employer share only) to PERS for the years ending September 30, 2010, 2009 and 2008 were \$631,659, \$599,623 and \$564,634, respectively, equal to the required contributions for each year.

### (14) Subsequent Events.

Subsequent to September 30, 2010, the county issued the following debt obligations:

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
12/15/2010	3.50%	\$ 50,000	Other loan	District 1 tax revenue
02/03/2011	3.05%	65,363	Capital lease	District 4 tax revenue
03/10/2011	2.49%	59,831	Capital lease	District 5 tax revenue
03/10/2011	2.97%	112,434	Capital lease	Garbage collection revenue
10/20/2011	3.22%	3,150,000	Limited obligation refunding bond	Ad valorem taxes
11/15/2011	2.69%	14,100	Capital lease	District 1 tax revenue
11/15/2011	2.88%	81,200	Capital lease	General fund tax revenue
12/20/2011	2.54%	83,466	Capital lease	District 4 tax revenue
01/20/2012	4.27%	64,795	Capital lease	District 2 tax revenue
02/16/2012	3.39%	203,378	Capital lease	District 2 tax revenue
03/12/2012	3.49%	48,665	Capital lease	District 2 tax revenue
07/02/2012	2.50%	30,000	Capital lease	District 5 tax revenue



MARION COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

MARION COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 General Fund  
 For the Year Ended September 30, 2010

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 5,706,502	5,375,259	5,375,259	
Road and bridge privilege taxes		586	586	
Licenses, commissions and other revenue	300,000	326,451	326,451	
Fines and forfeitures	275,000	237,397	237,397	
Intergovernmental revenues	673,700	1,008,938	1,008,938	
Charges for services	80,000	140,892	140,892	
Interest income	61,600	60,130	60,130	
Miscellaneous revenues	160,000	229,908	229,908	
Total Revenues	<u>7,256,802</u>	<u>7,379,561</u>	<u>7,379,561</u>	<u>0</u>
EXPENDITURES				
Current:				
General government	3,912,075	3,845,503	3,845,503	
Public safety	2,199,139	2,278,688	2,278,688	
Public works	40,000	40,000	40,000	
Health and welfare	378,456	440,107	440,107	
Culture and recreation	85,042	104,310	104,310	
Conservation of natural resources	73,389	59,303	59,303	
Economic development and assistance	366,386	359,000	359,000	
Capital outlay	300,000			
Debt service	99,426	56,113	56,113	
Total Expenditures	<u>7,453,913</u>	<u>7,183,024</u>	<u>7,183,024</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(197,111)</u>	<u>196,537</u>	<u>196,537</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources		163,135	163,135	
Other financing uses		(30,264)	(30,264)	
Total Other Financing Sources and Uses	<u>0</u>	<u>132,871</u>	<u>132,871</u>	<u>0</u>
Net Change in Fund Balance	(197,111)	329,408	329,408	
Fund Balances - Beginning	<u>514,125</u>	<u>559,376</u>	<u>559,376</u>	
Fund Balances - Ending	<u>\$ 317,014</u>	<u>888,784</u>	<u>888,784</u>	<u>0</u>

The accompanying notes to the Required Supplementary Information are an integral part of this statement.

# MARION COUNTY

## Notes to the Required Supplementary Information For the Year Ended September 30, 2010

### A. Budgetary Information.

Statutory requirements dictate how and when the county's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the county, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff and the Tax Assessor-Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

The county's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

### B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (Non-GAAP Basis) and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major Special Revenue Fund. The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) is a part of required supplemental information.

### C. Budget/GAAP Reconciliation.

The major differences between the budgetary basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the General Fund:

		Governmental Fund Types
		General Fund
Budget (Cash Basis)	\$	329,408
Increase (Decrease)		
Net adjustments for revenue accruals		(137,796)
Net adjustments for expenditure accruals		(95,425)
Other reconciling items:		
Repayment of interfund loans		(44,994)
GAAP Basis	\$	51,193

MARION COUNTY

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## MARION COUNTY

## SPECIAL REPORTS

MARION COUNTY

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**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**STACEY E. PICKERING**  
AUDITOR

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE  
FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Members of the Board of Supervisors  
Marion County, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Marion County, Mississippi, as of and for the year ended September 30, 2010, which collectively comprise the county's basic financial statements and have issued our report thereon dated July 16, 2012. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the county's primary government unless the county also issues financial statements for the financial reporting entity that include the financial data for its component units. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Marion County, Mississippi's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the county's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the county's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the Schedule of Findings and Responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

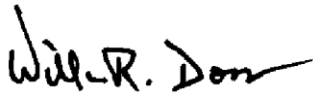
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as 10-1 and 10-2 to be material weaknesses.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Marion County, Mississippi's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Marion County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit Marion County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Supervisors, others within the entity and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

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WILLIAM R. DOSS, CPA  
Director, Financial and Compliance Audit Division

July 16, 2012





**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**STACEY E. PICKERING**  
AUDITOR

INDEPENDENT AUDITOR'S REPORT ON CENTRAL PURCHASING SYSTEM,  
INVENTORY CONTROL SYSTEM AND PURCHASE CLERK SCHEDULES  
(REQUIRED BY SECTION 31-7-115, MISS. CODE ANN. (1972))

Members of the Board of Supervisors  
Marion County, Mississippi

We have examined Marion County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2010. The Board of Supervisors of Marion County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of Marion County, Mississippi, has established centralized purchasing for all funds of the county and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

Because of inherent limitations in any central purchasing system and inventory control system, errors or irregularities may occur and not be detected. Also, projection of any current evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

In our opinion, Marion County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2010.

The accompanying schedules of (1) Purchases Not Made from the Lowest Bidder, (2) Emergency Purchases and (3) Purchases Made Noncompetitively from a Sole Source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned examination of the purchasing system and, in our opinion, is fairly presented when considered in relation to that examination.

This report is intended for use in evaluating the central purchasing system and inventory control system of Marion County, Mississippi, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

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WILLIAM R. DOSS, CPA  
Director, Financial and Compliance Audit Division

July 16, 2012

## MARION COUNTY

Schedule 1

## Schedule of Purchases Not Made From the Lowest Bidder

For the Year Ended September 30, 2010

<u>Date</u>	<u>Item Purchased</u>		<u>Bid Accepted</u>	<u>Vendor</u>		<u>Lowest Bid</u>	<u>Reason for Accepting Other Than the Lowest Bid</u>
04/07/2010	Computer towers	\$	6,026	Matrix Solutions	\$	5,750	Longer warranty coverage with on-site service

MARION COUNTY  
Schedule of Emergency Purchases  
For the Year Ended September 30, 2010

Schedule 2

Our test results did not identify any emergency purchases.

MARION COUNTY

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source  
For the Year Ended September 30, 2010

Our test results did not identify any purchases made noncompetitively from a sole source.

MARION COUNTY

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**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**STACEY E. PICKERING**  
AUDITOR

**LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT**

Members of the Board of Supervisors  
Marion County, Mississippi

In planning and performing our audit of the financial statements of Marion County, Mississippi for the year ended September 30, 2010, we considered Marion County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Marion County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the county's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated July 16, 2012, on the financial statements of Marion County, Mississippi.

Although no findings came to our attention as a result of these review procedures and compliance tests, these procedures and tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of the internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

This report is intended solely for the information and use of management, the Board of Supervisors, and others within the entity and is not intended to be and should not be used by anyone other than these parties. However, this report is a matter of public record and its distribution is not limited.

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WILLIAM R. DOSS, CPA  
Director, Financial and Compliance Audit Division

July 16, 2012

MARION COUNTY

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MARION COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

MARION COUNTY

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MARION COUNTY

Schedule of Findings and Responses  
For the Year Ended September 30, 2010

Section 1: Summary of Auditor's Results

***Financial Statements:***

- |    |  |               |
|----|--|---------------|
| 1. | Type of auditor's report issued on the financial statements: |               |
|    | Governmental activities                                      | Unqualified   |
|    | Business-type activities                                     | Unqualified   |
|    | Aggregate discretely presented component units               | Adverse       |
|    | General Fund   | Unqualified   |
|    | Marion/Walthall Correctional Facility Fund                   | Unqualified   |
|    | Marion County Women's Facility Fund                          | Unqualified   |
|    | Garbage and Solid Waste Fund                                 | Unqualified   |
|    | Aggregate remaining fund information                         | Unqualified   |
| 2. | Internal control over financial reporting:                   |               |
|    | a. Material weaknesses identified?                           | Yes           |
|    | b. Significant deficiency identified?                        | None Reported |
| 3. | Noncompliance material to the financial statements noted?    | No            |

MARION COUNTY

Schedule of Findings and Responses  
For the Year Ended September 30, 2010

Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness

10-1. Discretely Presented Component Units Should Be Included in the Financial Statements.

Finding

Generally accepted accounting principles require the financial data for the county's component units to be reported with the financial data of the county's primary government unless the county also issues financial statements for the financial reporting entity that include the financial data for the county's legally separate component units. As reported in the prior three years' audit reports, the financial statements do not include the financial data for the county's legally separate component units. The failure to properly follow generally accepted accounting principles resulted in an adverse opinion on the discretely presented component units.

Recommendation

The Board of Supervisors should provide the financial data for its discretely presented component units for the inclusion in the county's financial statements.

Board of Supervisors' Response

The Board of Supervisors has talked to the fire departments about this finding. We have had no response to this.

Material Weakness

10-2. Controls over Fines Receivable Should Be Strengthened.

Finding

An effective system of internal control over fines receivable should include assurance that only fines due to the county at the close of the fiscal year are booked as a receivable at year end. Our tests indicated that a significant amount of receivables were over booked by the county. An adjustment was proposed by the auditor, and made, with management's approval, to the financial statements, to correct the error. Failure to properly identify all fines due the county at year-end could result in erroneous amounts being reported in the financial statements.

Recommendation

The county should ensure that only fines due to the county at fiscal year-end are recorded in the financial statements.

Board of Supervisors' Response

We will provide a fines receivable report and a distribution of cash report on the first of October each year.